

No. 14,216

IN THE

**United States Court of Appeals  
For the Ninth Circuit**

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ALDEN HANSEN,

*Plaintiff-Appellant,*

vs.

SAFEWAY STORES, INCORPORATED,  
a corporation,

*Defendant-Appellee.*

**APPELLANT'S REPLY BRIEF.**

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JOSEPH L. BORTIN,

511 Humboldt Bank Building, San Francisco 3, California,

*Attorney for Appellant.*

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**PAUL P. O'BRIEN  
CLERK**



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**APPELLANT'S REPLY BRIEF.**

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**FACTUAL CONFLICTS.**

Appellee indicates substantial accord with the appellant's factual outline. Factual conflicts such as are raised by appellee will be considered as they arise.

In appellant's factual outline, however, we shall not endeavor to refer to all the evidence favoring appellant's position. Beyond the question of whether there was a substantial conflict in the evidence, the issue was for the trier of fact. No litigant has the right to expect this Honorable Court to devote itself to resolving factual issues, or to sift and weigh all the evidence. The law establishes the appropriate trier

of fact. As was crisply stated in *Jacuzzi Bros. Inc. v. Berkeley Pump Co. et al.*, 191 F. 2d 632, at page 634:

“\* \* \* If there is no firm adherence to such a rule, everything is cast adrift \* \* \* Not only is there no finality, but the findings may change with shifting personnel or on subsequent hearings. Not only finality, but stability is lost. All is confusion.”

(*Jacuzzi Bros. v. Berkeley Pump Co.* followed a *finding of fact* by the trial Court adverse to patentee with the result that this Honorable Court was faced merely with the problem of determining whether the finding had been supported by credible evidence.)

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**THE STANDARD OF INVENTION.  
GENERAL PRINCIPLES.**

Appellee devotes considerable attention in its brief to unquestioned principles of law regarding function of court and jury. They will be discussed only insofar as their application to the facts of the instant case is involved.

Appellant respectfully invites Your Honors' attention to the fact that the Hansen patent was not issued after an administrative consideration, but after a judicial hearing. (*In re Hansen*, 154 F. 2d 684.)



AN INVENTION IS INTERPRETED IN THE LIGHT  
OF ITS FUNCTION.

An invention is a functional thing. If it has no function, it is not useful, and is not an invention. This rule applies not only to the absolute question of whether the patent has a function, but also, by comparison, to whether it has a function substantially in advance of the prior art.

We respectfully invite Your Honors' attention to the fact that *all* of appellee's arguments are directed to pointing out *physical* similarities between the Hansen patent and the prior art. These, perforce, are many. All are accounting forms. All contain straight lines; a plurality of columns; and a foundation sheet with strips to attach (with the possible exception of the Bach patent which is a Whist scoring coupon book). *Nowhere in appellee's brief is it suggested that any of the alleged prior art perform, or are capable of performing, the functions of the Hansen patent.*

In terms of usefulness and function, none compare, *nor are they claimed by appellee to compare*, with the Hansen patent. In terms of usefulness and function the Hansen patent not only rises above the prior art, *but it actually stands alone.*

The Hansen patent solves a problem neither solved nor attempted before. It accepts and recognizes the human element of error and lays a foundation whereby it may be discovered and corrected with great ease and without going through the entire material where the error is known to exist.

## THE SIMPLE AND THE OBVIOUS.

Appellee states that no extrinsic evidence is required where the patent is "simple" and the comparisons are "obvious". We respectfully submit that appellee confuses "simple" with "obvious". They are not the same. To one in the position of exercising hindsight instead of foresight, simplicity is apt to be confused with obviousness, but the two are not synonymous. While obviousness before the fact may constitute evidence of lack of invention, simplicity which renders the invention obvious only *after the fact*, is not evidence of lack of invention. *In re Huff*, 1919 C.D. 152, states:

"Many things appear easy after they have been explained, and doubtless many a man has wondered why he failed to think of some apparently simple device or improvement that yielded a fortune to the one who did and revolutionized an industry. The simple fact is that the average person sees things as they are, and he who has originality of vision enabling him to visualize defects and the means of overcoming them should receive adequate reward.' "

Had the Hansen invention been "obvious" no doubt Safeway would have discovered and applied it before it was revealed to Safeway by Hansen.

Appellee states at page 10 of its brief that because the patent is simple, it does not rise to the dignity of invention. The cases cited by appellee do not support its proposition. On the contrary, the case of *Great Atlantic and Pacific Tea Co. v. Super Market*

*Equipment Co.* (1950), 340 U.S. 147, 71 D.Ct. 127, states the proper rule where combination patents are involved:

“\* \* \* The conjunction or concert of known elements must contribute something; only when the whole in some way exceeds the sum of its parts is the accumulation of old devices patentable \* \* \*”

(The *A. & P.* case involved nothing more than a change of dimensions.) Again, the test is functional. The tests were also specifically recognized in the other decisions cited by appellee. *Hunter Douglas Corporation v. Lando Products, Inc.* (decided August 18, 1954), 9 C.A.; *Berkeley Pump Co. v. Jacuzzi Bros., Inc.*, 102 U.S.P.Q. 100; *Himes v. Chadwick*, 9 C.A. 199 F. 2d 100; *Lunn v. F. W. Woolworth Co.*, 207 F. 2d 174.

In all of the above cited cases the principles of law were fully discussed and applied. *None* involved patents in which a new and better function was claimed as the Court points out in all the cases and by specific reference to testimony in *Berkeley Pump Co. v. Jacuzzi*.

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Appellant respectfully invites Your Honors' attention to an article by the Honorable Clarence G. Galston, United States District Judge for the Eastern District of New York (13 F.R.D. 463), in which a careful and learned analysis of the pros and cons of this vexing problem of what constitutes invention,

as distinguished from mere skill in the calling, or the “obvious”, is discussed.

In addition to the question of whether there are actually functional differences, the question remains, “Does the extent or degree of improvement or function rise to the dignity of invention.”

Upon this question the evidence must, perforce, be general. The specific physical differences may be apparent and visual, but the decision as to degree must be general. We are, therefore, able only to refer Your Honors again to general principles:

“As we have often repeated, in judging what required uncommon ingenuity, the best standard is when common ingenuity has failed for long to contrive under the same incentive.”

*Western States Machine Co. v. S. S. Hepworth Co.*, 147 F. 2d 345, 347.

“The basis of that doctrine is that otherwise the mere skill of the art would normally have been called into action by the known want. The doctrine is authenticated by leading cases too numerous to mention.”

*Levin v. Coe*, 76 U.S. App. D.C. 347, 132 F. 2d 589, 596.

Indeed, what more cogent test could be applied in the question of what *could* be discovered as “obvious”, than what *was* discovered as obvious? We ask Your Honors to bear in mind that Safeway *never* discovered the principles of the Hansen invention. It was revealed by Hansen, who was lured by promises Safe-

way never intended to honor (discussed in detail later in this brief).

(Appellee states in its brief that no question of confidential disclosure was involved. That is but a partial statement. It was merely conceded at the pre-trial conferences that *damages* could not be based on fraud or unjust enrichment, particularly prior to the date of issue of the Hansen patent. (Hansen never claimed this.) The order was not intended to foreclose Hansen from enhancing the probative force of his evidence by showing that Safeway never came upon the principles of his invention except by his confidential disclosure of what they now maintain was “obvious”.) (Vol. II, p. 15, line 20 through page 16, line 25.)

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#### THE ALLEGED PRIOR USE.

Two alleged prior uses were urged by appellee. Both have already been disposed of by direct quotation from the trial record in appellant’s opening brief (as to Pontiac forms), Volume IV, page 432, line 17 through page 433, line 2, on cross-examination of appellee’s expert witness:

“Mr. Bortin. Q. The teachings of this invention does not help in any way in locating errors once made?

A. Not that I know of, I couldn’t say.

Q. The plaintiff’s invention. The plaintiff’s invention does, however, doesn’t it?

A. I think it could, yes.



Q. Well, as a matter of fact, it does definitely; there is no question about it, is there?

A. I have never worked the plaintiff's alleged invention. I assume it works the way it says in the patent; I think that is right."

And as to Safeway's own alleged prior use, its own employee on cross-examination testified (Volume III, page 253, lines 2-5):

"By Mr. Bortin. Q. Yes, there are columns there. The only relationship is the fact that you use glue and the fact that you use columns?

A. Yes."

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#### THE ALLEGED PRIOR ART.

Three patents referred to by appellee in its brief are fully discussed in appellant's opening brief. They have been physically discussed in appellant's opening brief. None are claimed to perform the function of the Hansen patent. Appellee states that they were not before the Patent Office and the Court of Customs and Patent Appeals at the time the Hansen patent was issued. There is no justification for such a statement. As was stated in *Artmoore Co. v. Dayless Mfg. Co.*, 208 F. 2d 1:

"\* \* \* It has been held, and we think with logic, that it is as reasonable to conclude that a prior art patent not cited was considered and cast aside because not pertinent, as to conclude that it was inadvertently overlooked."

Why, indeed, should they be considered if they do not perform the function of the Hansen patent?

In the consideration of the physical differences between the Hansen patent and the prior art, we respectfully call to your Honors' attention the language of *Bianchi v. Bianchi*, 168 F. 2d 793, 9 C.A., which points out that a patent that teaches merely an improvement in a familiar process merits a reasonably liberal construction. Indeed, if such were not the rule, the incentive offered to the imaginative by the United States for the public good would be substantially obliterated in any field where only improvement is possible.

Appellee states (page 64 of its brief) that, "The reference to *Bianchi v. Bianchi* (C.A. 9, 1948), 168 F. 2d 793, relates to infringement and not to anticipation, and we are at a loss to understand its insertion."

Quoting again from appellee's brief (page 34), the rule is correctly stated with ample supporting authority that, "It is well settled that that which infringes if later, would anticipate if earlier \* \* \*" The tests are identical.

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#### INFRINGEMENT.

Appellee stipulated that it used forms "substantially identical" with plaintiff's exhibit 2 in thirteen store areas throughout the United States. The dates of use are set out for the respective store areas in page 5 of appellant's opening brief. *Plaintiff's exhibit 2 is the exact form used upon presentation of the Hansen application in the United States Patent Office, as appears thereon.*

Over plaintiff's objection, Safeway, in the course of trial, introduced exhibits (T-1 through T-11) which were forms inconsistent with plaintiff's exhibit 2. The very most that may be said of defendant's exhibits T-1 through T-11 is that they raise a conflict in the evidence.

(Defendant's exhibits T-1 through T-11 were objected to at the trial as being inconsistent with its admitted use, and as hearsay since no witness testified to its use who could be cross-examined thereon. However, appellant did not specifically assign the ruling as error regarding said exhibit, preferring to concentrate on the fundamental issue.)

If anything may be said as a matter of law, it is that the evidence shows that Safeway *did* infringe the Hansen patent.

Appellee states (page 43), that it is agreed that Safeway exhibits (T-1 through T-11) are substantially identical to plaintiff's exhibit 2 (the form admittedly used by Safeway). This is a completely incorrect statement and is totally unsupported by the record. T-1 through T-11 are inconsistent with the forms to which appellee stipulated it used (plaintiff's exhibit 2), and were never seen by appellant prior to trial.

The entire argument of appellee as to non-infringement is bottomed upon the theory that T-1 through T-11 were the alleged infringing forms. The infringing form is plaintiff's exhibit 2, the use whereof was admitted both in the course of trial (Volume III,



page 137, line 18 through page 139, line 1), and in advance of trial (Volume I, page 3).

(Appellee states (page 19, appellee's brief) that the jury was unable to find the patent valid. There is no justification for this statement, and it is not the fact. The questions by the jury in the course of their deliberations indicated that they were confused by the conflict between the admitted use (plaintiff's exhibit 2), and the inconsistent forms (defendant's exhibit T-1 through T-11), introduced in the course of trial (Volume IV, page 544, line 6 through page 552, line 23).)

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#### LICENSE.

Appellee next contends that Safeway used the Hansen invention prior to Hansen's application for his patent *with Hansen's knowledge and consent*.

We respectfully submit to your Honors' that, both in logic and equity, "with knowledge and consent" does not apply where the licensee gains consent through promise to compensate, and then, *after disclosure*, repudiates its promise. The courts do not encourage or sanction such conduct.

*Talbert v. U. S.*, 1890, 25 Court of Claims, 1941, affirmed without comment on this point in 155 U.S. 45, 39 L. Ed. 64.

A promise made without the intention of performing it is fraud (California Civil Code section 1572(4)).

One who seeks to profit by his own fraud is not looked upon with favor by Courts of law.

The case of *Dable Grain Shovel Co. v. Flint*, 42 F. 686, cited by appellee, does not support appellee's proposition on the facts. In that case the invention was put into use by defendant before the patent was obtained and demand was made for compensation only after the patent had actually been obtained, as the Court noted that it was “\* \* \* when he obtained the patents, *which must have been after they were applied for*, Dable demanded compensation. \* \* \*”

Safeway knew full well Hansen was expecting compensation for his invention. It is shown not only by Hansen's specific demand by letter (plaintiff's exhibit 5), but also by the admission in the memorandum of Safeway (defendant's exhibit AL). Safeway never denied Hansen's right to compensation and Hansen testified that he had been promised compensation depending upon the value of his invention after a comparison of costs (Volume IV, page 483, lines 15-18).

*At the trial* Mr. Lingan Warren, president of Safeway, testified that it was against company policy to pay claims for improvements by way of extraordinary compensation. (Transcript, Volume IV, page 402 et seq.) That is not what Hansen was told when Safeway wanted, and bargained for, the use of his invention.

It is a strange concept of the fitness of things that causes Safeway to claim consent to use the invention, which consent was obtained by promises of compen-

sation which Safeway, *by its own showing*, never intended to honor.

\* \* \* \* \*

“No implied contract of license, arising from the circumstances under which the patent was taken out and the relations of the parties, can be set up in the face of a proved special contract of license.” (*Sanitary Mfg. Co. v. Arrott*, 135 F. 750/758; *Hazen Mfg. Co. v. Wareham*, 242 F. 642.)

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#### SHOPRIGHT.

Under the cases cited in appellee’s brief it is clear, even from Safeway’s own view of the facts, that there was no license or shopright. We ask your Honors to note the language of *United States v. Dubilier Condenser Corp.* (1933), 289 U.S. 178, cited in appellee’s brief, which states in part:

“On the other hand, if the employment be general, albeit it covers a field of labor and effort in the performance of which the employee conceived the invention for which he obtained a patent, the contract is not so broadly construed as to require an assignment of the patent. \* \* \*”

The foregoing rule is uniformly followed. *Barton v. Nevada Consolidated Copper Co.*, 71 F. 2d 381, also cited by appellee, does not support appellee’s proposition. It does, however, expound upon the law of license and shopright, from which it is made to appear that Safeway had neither license nor shopright.

(Appellee asks this Honorable Court to hold conclusively proved that Safeway never agreed to compensation. Notwithstanding Hansen's testimony to the contrary, the evidence upon which appellee bases this claim of conclusive proof is a self-serving memorandum for which no witness vouched (Volume IV, page 398, lines 15 et seq.), bearing only typewritten initials "AS" in lieu of a signature (defendant's exhibit AL).)

Hansen paid for all of the materials with which to work out his invention and he did so on his own time (Volume IV, page 483, lines 18-23). This is not denied by Safeway. We again invite your Honors' attention to the admissions of Mr. Cambridge, office manager for the San Francisco zone office (Volume IV, page 299, lines 2-20):

"Mr. Bortin. Q. Now, may I ask you one more question, Mr. Cambridge? Isn't it a fact that when you first saw Mr. Hansen's idea or patent it was in final form?

A. No.

Q. You deny that?

A. I deny that. We had to do a lot of printing.

Q. You did the printing?

A. We did the printing later.

Q. I am talking about the idea. The thought was worked out?

A. The idea was worked out, yes, a rough drawing.

Q. Yes.

A. That's right.

Q. You did the printing and you paid for the printing?

A. Yes.

Q. But the forms you printed you used for Safeway, didn't you?

A. Yes."

*Gill v. U. S.*, 160 U.S. 426, cited by appellee, does not apply. There Gill was controlled by an estoppel *in pais*, under the facts as outlined by the Court, "\* \* \* where an employee of the government takes advantage of his connection with it to introduce an unpatented device into the public service, giving no intimation at the time that he regards it as property or that he intends to protect it by letters patent, but allows the government to test the invention at its own exclusive cost and risk, by constructing machinery and bringing it into practical use before he applies for a patent, the law will not imply a contract; \* \* \*"

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#### DAMAGES.

The law fixes the measure of appellant's damages at "not less than a reasonable royalty." That is all he seeks.

The basis of Hansen's claim to a reasonable royalty, and what it would amount to, has already been fully covered in appellant's opening brief. In reply appellee states (page 60 of its brief) that "it is conclusively shown that there were no savings."

In support of this statement it refers to the testimony of Mr. Cambridge wherein he states that more comptometer operators were used.



In spite of the mass of contrary evidence as to the extensive use made of the Hansen invention, and periodic expansion thereof to other store areas throughout the United States (after Safeway claims to have discovered it to be of no value), this Honorable Court is asked to believe *conclusively* that there was no value to the Hansen invention because Safeway's own employee, beholden to Safeway for the very bread he eats, testifies that there was an increase in comptometer operators.

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**SUMMARY.**

Appellant has endeavored, wherever possible, to point out to Your Honors where appellant's propositions are supported by Safeway's own evidence. A complete review of the entire record is more than we have the right to ask of this Honorable Court, notwithstanding our desire that the record be considered in as much detail as possible.

Every contention of Safeway's motion for judgment under rule 50(b) was bottomed upon issues of fact which, for the purposes of such a motion, are deemed adverse to appellee. We have, nevertheless, tried to state the evidence fairly, pointing out conflicts where they exist. We humbly suggest that such conflicts are all issues of fact, and the judgment rendered by the

Honorable United States District Court should be reversed with directions to grant a new trial.

Dated, San Francisco, California,  
September 20, 1954.

Respectfully submitted,

JOSEPH L. BORTIN,

*Attorney for Appellant.*

